

VASHON ISLAND SCHOOL DISTRICT NO. 402
King County, Washington
September 1, 1991 Through August 31, 1993

Schedule Of Findings

1. District Officials Need To Strengthen Controls Over Fixed Assets

Our audit of the district's fixed asset system disclosed the internal control weaknesses cited in our previous report had not been resolved:

- a. A centralized general ledger fixed asset accounting control system including subsidiary fixed asset records, has been established but is not up to date.
- b. Physical inventory procedures do not provide for a reconciliation between the physical inventory and the general fixed asset accounting control records.
- c. Procedures are lacking to ensure purchase and asset retirements are accounted for in the district's financial records.
- d. The identification of assets purchased with federal funds is not readily recognized in the district's fixed asset accounting records. Federal grant programs require long-range accountability.
- e. Furniture and equipment are not identified with district tags or labels for proper accountability.

As a result, district officials do not have adequate information to ensure proper accountability of fixed assets. The district has not allocated sufficient resources to establish and maintain an adequate fixed asset control system.

While the *Accounting Manual for Public School Districts in the State of Washington* states the use of the general ledger fixed asset account group is optional, the district is still responsible for implementing controls to properly account for asset additions and retirements.

We recommend district officials improve internal controls over fixed assets by:

- a. Establishing and maintaining comprehensive general fixed asset accounting control records. Such records should document asset locations, location transfer, additions and retirements as they occur. Supporting documentation for all changes should be retained.
- b. Performing a comprehensive annual physical inventory. The results of the physical inventory should be reconciled with the general fixed asset control records, with the difference resolved and recorded.
- c. Identifying the district furniture and equipment with property tags, whose

numbers are recorded in the property records.

- d. Identifying in the property records federal funding sources as required by federal agency agreements.